

# THE GLEANER COMPANY LIMITED

## CONSOLIDATED THREE MONTHS INTERIM FINANCIAL REPORT

TO MARCH 31, 2004 (UNAUDITED)

### Group Profit & Loss Account

	GROUP (Unaudited) Three months Jan to Mar 31, 2004 \$'000s	GROUP (Unaudited)* Three months Jan to Mar 31, 2003 \$'000s	GROUP (Audited) Twelve months December 31, 2003 \$'000s
Revenue	569,907	512,473	2,546,707
Cost of sales	(313,449)	(273,061)	(1,423,432)
<b>Gross profit</b>	<b>256,458</b>	<b>239,412</b>	<b>1,123,275</b>
Other operating income	38,479	55,770	219,009
	<u>294,937</u>	<u>295,182</u>	<u>1,342,284</u>
Distribution costs	( 93,495)	( 88,496)	( 355,863)
Administration expenses	( 61,148)	( 53,944)	( 391,482)
Other operating expenses	(103,845)	( 94,405)	( 276,306)
Pension cost	( 934)	( 845)	( 3,637)
	<u>(259,422)</u>	<u>(237,690)</u>	<u>(1,027,288)</u>

<b>Profit from operations</b>	<b>35,515</b>	<b>57,492</b>	<b>314,996</b>
Finance costs	( 4,039)	( 6,594)	( 40,846)
Share of results in associated companies	-	890	-
Exceptional items	<u>16,120</u>	<u>25,925</u>	<u>40,140</u>
<b>Profit before taxation</b>	<b>47,596</b>	<b>77,713</b>	<b>314,290</b>
Taxation	( <u>12,384</u> )	( <u>19,894</u> )	( <u>80,736</u> )
<b>Profit after taxation</b>	<b>35,212</b>	<b>57,819</b>	<b>233,554</b>
Minority interest	( <u>1,087</u> )	( <u>634</u> )	( <u>2,535</u> )
<b>Profit attributable to stockholders of parent company</b>	<b><u>34,125</u></b>	<b><u>57,185</u></b>	<b><u>231,019</u></b>
Earnings per stock units on profit after taxation attributable to stockholders of parent company	<b>2.8c</b>	<b>4.7c</b>	<b>19.07c</b>

### Consolidated Balance Sheets

Unaudited as at <u>Mar. 31, 2004</u> \$'000	Unaudited* as at <u>Mar 31, 2003</u> \$'000	Audited as at <u>Dec. 31, 2003</u> \$'000
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<b>Non-current assets</b>			
Property, plant and equipment	522,677	381,797	524,197
Goodwill	10,822	109,600	10,728
Employee benefits assets	174,700	-	159,000
Long-term receivables	4,229	6,759	3,964
Investment in associates	150	150	150
Investments	215,513	140,323	141,559
Deferred tax assets	<u>1,569</u>	<u>314</u>	<u>1,255</u>
	<b><u>929,660</u></b>	<b><u>638,943</u></b>	<b><u>840,853</u></b>
<b>Current assets</b>			
Cash resources	92,497	221,118	36,501
Trade and other receivables	493,529	429,986	518,822
Prepayments	20,441	16,644	25,092
Taxation recoverable	1,091	-	9,048
Inventories and goods- in-tran sit	200,178	218,988	241,932
Securities purchased under agreements for resale	<u>624,896</u>	<u>391,319</u>	<u>559,103</u>
	<b><u>1,432,632</u></b>	<b><u>1,278,055</u></b>	<b><u>1,390,498</u></b>
<b>Current liabilities</b>			
Bank overdraft	6,626	136	4,376
Trade and other payables	255,217	333,203	311,336
Taxation	18,079	1,143	-
Current portion of long-term liabilities	12,970	6,812	9,297
Deferred income	5,014	4,309	4,972
	<b><u>297,906</u></b>	<b><u>345,603</u></b>	<b><u>329,981</u></b>
<b>Working capital</b>	<b><u>1,134,726</u></b>	<b><u>932,452</u></b>	<b><u>1,060,517</u></b>
<b>Net assets</b>	<b><u>2,064,386</u></b>	<b><u>1,571,395</u></b>	<b><u>1,901,370</u></b>
	=====	=====	=====
<b>Financed by:</b>			
Stockholders' equity	605,622	512,449	605,622
Share Capital	343,158	212,207	338,560
Capital and other reserves	120,347	45,981	46,393
Retained earnings	<u>652,803</u>	<u>648,563</u>	<u>655,015</u>

	<u>1,731,930</u>	<u>1,419,200</u>	<u>1,655,590</u>
<b>Minority interest</b>	<b><u>17,928</u></b>	<b><u>21,104</u></b>	<b><u>19,015</u></b>
<b>Non-current liabilities</b>			
Long-term liabilities	71,409	19,052	20,032
Employees benefit obligation	31,350	29,850	30,100
Deferred taxation	211,769	82,189	181,794
	<b><u>314,528</u></b>	<b><u>131,091</u></b>	<b><u>226,765</u></b>
	<b><u>2,064,386</u></b>	<b><u>1,571,395</u></b>	<b><u>1,901,370</u></b>
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<b>Stockholders' funds per stock unit</b>	<b>145.0c</b>	<b>113.9c</b>	<b>136.7c</b>

\*Restated

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### Group Statement of Changes in Shareholders' Equity

	Share Capital \$'000	Capital Reserves \$'000	Fair value Reserve \$'000	Retained Profits \$'000	Total \$'000
Balances at December 31, 2002 (Restated):	512,449	212,207	61,535	627,249	1,413,440
Net profit for the period	-	-	-	57,185	57,185

Change in fair value of investments	-	-	(15,554)	-	(15,554)
Dividends paid (gross)	-	-	-	(35,871)	(35,871)
Balances at March 31, 2003	512,449	212,207	45,981	648,563	1,419,200
	=====	=====	=====	=====	=====
Balances at December 31, 2003:	605,622	338,560	46,393	665,015	1,655,590
Net profit for the period	-	-	-	34,125	34,125
Change in fair value of investments	-	-	73,954	-	73,954
Dividends paid (gross)	-	-	-	(36,337)	(36,337)
Currency translation differences on foreign subsidiaries	-	4,598	-	-	4,598
Balances at March 31, 2004, as restated	605,622	343,158	120,347	662,803	1,731,930
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### Consolidated Cash Flow Statement

	GROUP (Unaudited) Three Months March 31, 2004 \$'000	GROUP (Unaudited)* Three Months March 31, 2003 \$'000	GROUP Audited Twelve Months Dec. 30, 2003 \$'000
<b>Cash Flow from operating activities</b>			
Profit attributable to Stockholders	34,125	57,185	231,019

Adjustment for non-cash items	(33,324)	( 4,039)	(24,860)
	801	53,146	206,159
<b>Change in working capital</b>	<u>54,412</u>	<u>(30,007)</u>	<u>(284,874)</u>
Net Cash generated by operating activities	55,213	23,139	(78,715)
<b>Net cash used in investing activities</b>	<b>(16,772)</b>	<b>(22,329)</b>	<b>(32,927)</b>
Net cash used in financing activities	<u>17,555</u>	<u>( 1,175)</u>	<u>(73,340)</u>
Net (Decrease)/Increase in cash resources	55,996	(365)	(184,982)
Cash and short term funds - beginning of period	<u>36,501</u>	<u>221,483</u>	<u>221,483</u>
Cash and short-term funds - end of period	<u>92,497</u>	<u>221,118</u>	<u>36,501</u>

**The main business segments of the group comprises:**

	Media		Books and Stationery		Other		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	488,304	443,872	76,869	63,999	4,734	4,602	569,907	512,473
Segment results	<u>38,927</u>	<u>66,820</u>	<u>( 3,922)</u>	<u>(9,531)</u>	<u>510</u>	<u>203</u>	<u>35,515</u>	<u>57,492</u>

Finance cost	-	-	-	-	-	-	( 4,039)	( 6,594)
Share of results in associated companies	-	-	-	-	-	-	-	890
Exceptional Items	-	-	-	-	-	-	<u>16,120</u>	<u>25,925</u>
Profit before taxation	-	-	-	-	-	-	47,596	77,713
Taxation	-	-	-	-	-	-	( <u>12,384</u> )	( <u>19,894</u> )
							35,212	57,819
Minority interest	-	-	-	-	-	-	( <u>1,087</u> )	( <u>634</u> )
Profit attributable to Stockholders of parent Company	-	-	-	-	-	-	34,125	57,185
Segment net assets	<u>1,486,548</u>	<u>1,134,273</u>	<u>207,191</u>	<u>185,827</u>	<u>62,933</u>	<u>59,324</u>	<u>1,756,672</u>	<u>1,379,424</u>
Segment liabilities	<u>604,681</u>	<u>284,922</u>	<u>74,076</u>	<u>54,339</u>	<u>9,862</u>	<u>6,342</u>	<u>688,619</u>	<u>345,603</u>
Capital expenditure	<u>20,800</u>	<u>13,322</u>	<u>2,840</u>	<u>1,503</u>	<u>-</u>	<u>-</u>	<u>23,640</u>	<u>14,825</u>
Depreciation and amortisation	<u>14,001</u>	<u>13,987</u>	<u>1,968</u>	<u>2,024</u>	<u>11</u>	<u>11</u>	<u>15,980</u>	<u>16,022</u>

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## Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format for business segments is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

## **Notes to the Interim Financial Report**

We hereby present the Report of the Group for the three months ended March 31, 2004.

1. The Group Financial Accounts for the three months ended March 31, 2004, show, before taxation a profit of approximately \$48M, compared to profit of approximately \$78M for the same period for 2003.
2. In comparing the profits for the three-month period ended March 31, 2004, with those of the previous year, the following should be considered :
  - i. Profit and Loss Account
    - (a) The revenue for the three months of 2004, has increased by 11% over 2003, mainly as a result of increased advertising and circulation sales.
    - (b) Exceptional gains for 2004 amounted to \$16M while for 2003 the comparable amount was \$26M. These exceptional gains arose from the sale of investments.
    - (c) Included under the income for 2003 are gain on exchange and profit from printing contract which contributed \$29M (March 2004: \$.4M). For 2004, there was no printing contract.
    - (d) The three overseas companies (in the USA, Canada and UK) continued to incur losses as a result of their free publication "Extra" which targets the "younger" Caribbean readers. The future of Extra will be reviewed in another coiple of



months.

ii. Capital Reserves

Unrealised gains for investments held amount to \$74M for the first three months of 2004 (2003: \$1M)

There were no other significant changes to the Group's operations for the period under review.

3. The Group Financial Statements for the nine months ended March 31, 2004, include the Company's ten (2003: ten) subsidiaries - Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, The Gleaner Online Limited, Selecto Publications Limited, Independent Radio Company Limited and overseas subsidiaries, The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated, The Gleaner Company (UK) Limited.
4. The revenue represents sales by the Group before commission payable but excluding returns.
5. The calculation of stockholders' funds per ordinary unit for 2004 and 2003 is arrived at by profit after taxation by 1,211,243,000 stock units, the number of stock units in issue at March 31, 2004.
6. The calculation of stockholders' funds per ordinary stock unit for 2004 and 2003 are arrived at by dividing capital and reserves by 1,211,243,000 stock units.
7. The financial statements have been prepared in accordance, and comply with, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and have been prepared on the historical cost basis modified for the inclusion of certain available-for-sale investments and property, plant and equipment at fair value.
8. Dividends  
  
An interim Ordinary Dividend of 3 cents per stock unit was paid on March 12, 2004, to shareholders on record at the close of business on February 27, 2004.
9. Libel Cases

The Company's lawyers advised that they are of the opinion that the provision made in the Company's accounts is a reasonable provision for the purpose of covering all reasonable and probable judgements and costs for existing libel actions against the Company.

On behalf of the Board

Hon. O.F. Clarke, O.J.  
Chairman and Managing Director

C.S. Roberts  
Deputy Managing Director

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